

APPENDIX 3

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION

Discussion and Analysis of Unaudited Financial Statements

For the Period July 1, 2017 through April 30, 2018

The April 30, 2018 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Position and General Fund Balance (Balance Sheet) and a Statement of Revenues, Expenditures and Changes in Fund Balance –General Fund-Budget and Actual. In lieu of comparing net position and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the ten months ended April 30, 2018 shows a total difference of \$1,288,855 or 54.4% variance under budget. Two line items or activity's in the statement account for the majority of the difference.

Professional fees were \$1,199,814 or 70.8% under budget, and Salaries and benefits were \$79,367 or 12.5% below budget.

No Capital assets have been purchased during the first ten months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$101,255	\$ -	\$ 101,255
Due From Special Deposit Fund	\$0		
Prepaid items	\$285	-	285
	101,540	-	101,540
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 101,540</u>	<u>-</u>	<u>\$ 101,540</u>
Liabilities			
Liabilities:			
Accounts payable	14,674	-	14,674
Accrued salaries and benefits	27,623	-	27,623
Other accrued expenses	51,887		51,887
Compensated absences	0	\$41,770	41,770
Total liabilities	<u>\$ 94,184</u>	<u>\$ 41,770</u>	<u>\$ 135,954</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	285	(285)	-
Unreserved, undesignated	7,071	(7,071)	-
Total fund balance	<u>7,356</u>	<u>(7,356)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 101,540</u>		
Net Position:			
Unrestricted		(34,415)	(34,415)
Total Net Position		<u>\$ (34,415)</u>	<u>\$ (34,415)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 975,000	-	\$ 975,000
General revenues:			
Investment earnings	8	-	8
Miscellaneous Income	0	-	-
Total Revenues	975,008	-	975,008
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	554,393	-	554,393
Legal and professional services	495,916	-	495,916
Travel	7,425	-	7,425
Insurance	13,294	-	13,294
Other	7,357	-	7,357
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,078,385	-	1,078,385
Change in fund balance/net position	(103,377)	-	(103,377)
Fund balance/net position - July 1, 2017	110,732	(\$41,770)	68,962
Fund balance/net position - April 30, 2018	\$ 7,355	\$ (41,770)	\$ (34,415)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,367,240	\$975,000	\$ (1,392,240)
Investment earnings	\$0	\$8	8
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,367,240</u>	<u>\$975,008</u>	<u>(1,392,232)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	633,760	554,393	79,367
Legal and professional services	1,695,730	495,916	1,199,814
Travel	10,000	7,425	2,575
Office expenses	6,750	1,955	4,795
Telephone and network	-	-	-
Insurance	16,000	13,294	2,706
Other	5,000	\$5,402	(402)
Capital outlay	-	-	-
Total expenditures	<u>2,367,240</u>	<u>1,078,385</u>	<u>1,288,855</u>
Change in fund balance	<u>\$ -</u>	<u>(103,377)</u>	<u>\$ (103,377)</u>

Fund balance - July 1, 2017 110,732

Fund balance April 30, 2018 \$ 7,355

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$42,120	\$ -	\$ 42,120
Due From Special Deposit Fund	\$0		
Prepaid items	\$2,302	-	2,302
	44,422	-	44,422
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 44,422</u>	<u>-</u>	<u>\$ 44,422</u>
Liabilities			
Liabilities:			
Accounts payable	40,362	-	40,362
Accrued salaries and benefits	27,623	-	27,623
Other accrued expenses	2,472		2,472
Compensated absences	0	\$41,770	41,770
Total liabilities	<u>\$ 70,457</u>	<u>\$ 41,770</u>	<u>\$ 112,227</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	2,302	(2,302)	-
Unreserved, undesignated	(28,337)	28,337	-
Total fund balance	<u>(26,035)</u>	<u>26,035</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 44,422</u>		
Net Position:			
Unrestricted		(67,806)	(67,806)
Total Net Position		<u>\$ (67,806)</u>	<u>\$ (67,806)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the nine months ended
 March 31, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 825,000	-	\$ 825,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total Revenues	<u>825,007</u>	<u>-</u>	<u>825,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	504,707	-	504,707
Legal and professional services	432,040	-	432,040
Travel	6,742	-	6,742
Insurance	11,818	-	11,818
Other	6,468	-	6,468
Depreciation	0	0	-
Capital outlay - Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures/Expenses	<u>961,775</u>	<u>-</u>	<u>961,775</u>
Change in fund balance/net position	<u>(136,768)</u>	<u>-</u>	<u>(136,768)</u>
Fund balance/net position - July 1, 2017	<u>110,732</u>	<u>(\$41,770)</u>	<u>68,962</u>
Fund balance/net position - March 31, 2018	<u>\$ (26,036)</u>	<u>\$ (41,770)</u>	<u>\$ (67,806)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2018

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,130,516	\$825,000	\$ (1,305,516)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,130,516</u>	<u>\$825,007</u>	<u>(1,305,509)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	570,384	504,707	65,677
Legal and professional services	1,526,157	432,040	1,094,117
Travel	9,000	6,742	2,258
Office expenses	6,075	1,715	4,360
Telephone and network	-	-	-
Insurance	14,400	11,818	2,582
Other	4,500	\$4,753	(253)
Capital outlay	-	-	-
Total expenditures	<u>2,130,516</u>	<u>961,775</u>	<u>1,168,741</u>
Change in fund balance	<u>\$ -</u>	<u>(136,768)</u>	<u>\$ (136,768)</u>

Fund balance - July 1, 2017 110,732

Fund balance March 31, 2018 \$ (26,036)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$60,421	\$ -	\$ 60,421
Due From Special Deposit Fund	\$0		
Prepaid items	\$4,318	-	4,318
	<u>64,739</u>	-	<u>64,739</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 64,739</u>	<u>-</u>	<u>\$ 64,739</u>
Liabilities			
Liabilities:			
Accounts payable	54,914	-	54,914
Accrued salaries and benefits	27,623	-	27,623
Other accrued expenses	2,150		2,150
Compensated absences	<u>0</u>	<u>\$41,770</u>	<u>41,770</u>
Total liabilities	<u>\$ 84,687</u>	<u>\$ 41,770</u>	<u>\$ 126,457</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	4,318	(4,318)	-
Unreserved, undesignated	<u>(24,266)</u>	<u>24,266</u>	<u>-</u>
Total fund balance	<u>(19,948)</u>	<u>19,948</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 64,739</u>		
Net Position:			
Unrestricted		<u>(61,716)</u>	<u>(61,716)</u>
Total Net Position		<u>\$ (61,716)</u>	<u>\$ (61,716)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 725,000		\$ 725,000
General revenues:			
Investment earnings	6		6
Miscellaneous Income	0		-
Total Revenues	725,006		725,006
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	451,173		451,173
Legal and professional services	382,284		382,284
Travel	6,710		6,710
Insurance	10,342		10,342
Other	5,175		5,175
Depreciation	0	0	-
Capital outlay - Fixed Assets			
Total Expenditures/Expenses	855,684		855,684
Change in fund balance/net position	(130,678)		(130,678)
Fund balance/net position - July 1, 2017	110,732	(\$41,770)	68,962
Fund balance/net position - February 28, 2018	\$ (19,946)	\$ (41,770)	\$ (61,716)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2018

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,893,792	\$725,000	\$ (1,168,792)
Investment earnings	\$0	\$6	6
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,893,792</u>	<u>\$725,006</u>	<u>(1,168,786)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	507,008	451,173	55,835
Legal and professional services	1,356,584	382,284	974,300
Travel	8,000	6,710	1,290
Office expenses	5,400	1,404	3,996
Telephone and network	-	-	-
Insurance	12,800	10,342	2,458
Other	4,000	\$3,771	229
Capital outlay	-	-	-
Total expenditures	<u>1,893,792</u>	<u>855,684</u>	<u>1,038,108</u>
Change in fund balance	<u>\$ -</u>	<u>(130,678)</u>	<u>\$ (130,678)</u>

Fund balance - July 1, 2017

110,732

Fund balance February 28, 2018

\$ (19,946)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$40,852	\$ -	\$ 40,852
Due From Special Deposit Fund	\$0		
Prepaid items	\$6,337	-	6,337
	<u>47,189</u>	<u>-</u>	<u>47,189</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 47,189</u>	<u>-</u>	<u>\$ 47,189</u>
Liabilities			
Liabilities:			
Accounts payable	78,119	-	78,119
Accrued salaries and benefits	27,623	-	27,623
Other accrued expenses	2,361		2,361
Compensated absences	0	\$41,770	41,770
	<u>108,103</u>	<u>41,770</u>	<u>149,873</u>
Total liabilities	<u>\$ 108,103</u>	<u>\$ 41,770</u>	<u>\$ 149,873</u>
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	6,337	(6,337)	-
Unreserved, undesignated	(67,251)	67,251	-
	<u>(60,914)</u>	<u>60,914</u>	<u>-</u>
Total fund balance	<u>(60,914)</u>	<u>60,914</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 47,189</u>		
Net Position:			
Unrestricted		(102,682)	(102,682)
Total Net Position		<u>\$ (102,682)</u>	<u>\$ (102,682)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 575,000	-	\$ 575,000
General revenues:			
Investment earnings	5	-	5
Miscellaneous Income	0	-	-
Total Revenues	<u>575,005</u>	<u>-</u>	<u>575,005</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	397,800	-	397,800
Legal and professional services	330,294	-	330,294
Travel	5,387	-	5,387
Insurance	8,866	-	8,866
Other	4,302	-	4,302
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	<u>746,649</u>	<u>-</u>	<u>746,649</u>
Change in fund balance/net position	(171,644)	-	(171,644)
Fund balance/net position - July 1, 2017	<u>110,732</u>	<u>(\$41,770)</u>	<u>68,962</u>
Fund balance/net position - January 31, 2018	<u>\$ (60,912)</u>	<u>\$ (41,770)</u>	<u>\$ (102,682)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2018

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,657,068	\$575,000	\$ (1,082,068)
Investment earnings	\$0	\$5	5
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,657,068</u>	<u>\$575,005</u>	<u>(1,082,063)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	443,632	397,800	45,832
Legal and professional services	1,187,011	330,294	856,717
Travel	7,000	5,387	1,613
Office expenses	4,725	1,318	3,407
Telephone and network	-	-	-
Insurance	11,200	8,866	2,334
Other	3,500	\$2,984	516
Capital outlay	-	-	-
Total expenditures	<u>1,657,068</u>	<u>746,649</u>	<u>910,419</u>
Change in fund balance	<u>\$ -</u>	<u>(171,644)</u>	<u>\$ (171,644)</u>
Fund balance - July 1, 2017		<u>110,732</u>	
Fund balance January 31, 2018		<u>\$ (60,912)</u>	